## STATE OF VERMONT GREEN MOUNTAIN CARE BOARD

In re: MVP Vermont Health Connect 2019 Filing	)	
	)	GMCB-008-18rr
	)	

## **HCA ACTUARIAL QUESTIONS FOR MVP**

The Office of the Health Care Advocate (HCA) submits the following actuarial questions in the above-captioned proceeding:

- 1. Please provide more detail on your federal income taxes, specifically:
  - a. The amount of Vermont premium tax MVP has paid in each of the most recent ten years;
  - b. The amount of federal ACA health insurance tax MVP has paid in each year beginning with 2014;
  - c. The total amount of net operating losses (NOL) MVP has accumulated;
  - d. An estimate of the amount by which the tax rate change contained in the Tax Cut and Jobs Act impacts the value of MVP's NOLs.
- 2. Please describe MVP's experience in New York with alternative payment methodologies. Please include the amount, or MVP's best estimate of the amount, by which MVP's experience in New York with alternative payment methodologies has reduced its costs.
- 3. Please explain the difference between "allowed costs" and "billed charges," as those terms are used in your answer to question 7 in your April 27, 2018 letter, and the relevance of those terms to MVP and its insureds.
- 4. In the April 27, 2018 letter, MVP states that it intends to maintain MVPHIC's RBC ratio at a level of at least 300%. Please explain how MVP decided on 300% as the level at which it intends to maintain MVPHIC's RBC ratio.
- 5. Please provide support, other than the Lewis & Ellis estimate, for MVP's assumption that the repeal of the individual mandate penalty will increase rates by 2.0%.
- 6. MVP now has roughly 25,000 members, significantly more than indicated in last year's filing. Does MVP have any concerns over unknowns due to this growth (beyond the trend volatility MVP identified in its Actuarial Memorandum)?
- 7. Please explain your accounting process to identify QI expenses of 10 percent as indicated in MVP's SERFF filing at page 30.
- 8. MVP's discussion of "silver loading" in its SERFF filing is insightful and raises several interesting points about movement of subsidized members caused by silver loading such as

members transitioning from Silver to Bronze or other premium levels. Could MVP elaborate as follows:

- a. What assumptions did MVP make when estimating the amount MVP needs to add to silver premiums to cover its costs for providing cost sharing reductions? What percentage of Vermonters eligible for cost sharing reductions did it assume will purchase silver exchange plans from MVP?
- b. What is the financial risk to MVP of "silver loading"? Are some products assumed to be more profitable than others? Please provide a table with membership, premium, claims, risk transfer estimate, administrative costs and anticipated profitability by product scenario;
- c. What is the potential for member adverse selection? Please identify the financial best-case and worst-case membership subsidized product mix scenarios for MVP.
- 9. Please explain the financial management program for MVP's assets backing MVP's surplus and reserves. Some areas to include in the response are:
  - a. MVP's asset allocation strategy and how MVP arrived at that strategy;
  - b. How much MVP pays for the financial management services and to what service provider those payments are made;
  - c. MVP's actual and expected investment returns for each of the past year 5 years;
  - d. Performance benchmarks for the financial management services. Please provide benchmarks, if any, that MVP has used to evaluate the financial management program;
  - e. Executive variable compensation tied to asset performance.

Dated at Montpelier, Vermont this 11<sup>th</sup> day of June, 2018.

s/ Kaili Kuiper

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## **CERTIFICATE OF SERVICE**

I, Kaili Kuiper, hereby certify that I have served the above Notice of Appearance on Judith Henkin, General Counsel to the Green Mountain Care Board; Sebastian Arduengo, Green Mountain Care Board Staff Attorney; Agatha Kessler, Green Mountain Care Board Health Policy Director; and Gary Karnedy, representative and filing contact of MVP Health Care, by electronic mail, return receipt requested, this 11th day of June, 2018.

s/ Eric Schultheis
Eric Schultheis
Health Law and Policy Analyst
Office of the Health Care Advocate
Vermont Legal Aid
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